

**SB 61 – Tourism Improvement Districts (TIDs)
House Ways and Means WAYS AND MEANS**

Wed., Feb. 14, 2024, 1:30 PM, Rm. 404

Thank you, Mr. Chairman and members of the committee. I'm Natalie Robinson, Indiana State Director for the National Federation of Independent Business. NFIB is the nation's leading small business advocacy organization with more than 11k members in Indiana.

While we appreciate the legislature exploring ways to support economic growth in our state, NFIB opposes SB 61 due to the increased costs it would place on small business owners. When we surveyed our members on this bill, 90% opposed it.

Special districts are an increasing financial burden on small business owners. These districts essentially create a tax on top of a tax. And this bill also allows the Tourism Improvement Districts (TIDs) to coexist with Tax Increment Financing (TIF) districts which in that case, would create a triple tax. What's even more alarming is that there are no caps in place to control the assessed fees.

Now is not the time to create more special taxing districts. The legislature is currently considering ways to improve the state's tax system, including ways to address soaring property taxes. It seems like a double standard to explore options to limit property tax increases, while at the same time, supporting a bill that would impose a new tax or fee on businesses and property owners.

We've seen in our NFIB Small Business Economic Trends (SBET) survey that the first hit on inflation pressures are small business owners' earnings which have been deteriorating for a while now. The second punch is when they can no longer sustain profits and they are left with no choice but to pass along those costs to their customer.

At a time when small businesses owners are already raising prices to absorb inflation pressures, it doesn't come as a surprise that they are opposed to an additional assessment fee which in most cases would result in them increasing prices even more.

Although we appreciate the amendment that increases the petition threshold from 50% to 65%, the bill as currently written, would still impose an assessment fee on 35% of small business owners to fund a tourism project they've elected not to support.

TIDs are traditionally used to promote more visitors to an area and increase overnight stays. In some states, they are solely funded by the lodging industry. Other states expanded the funding source to also include restaurants, bars, and retail stores within the district. Those are the industries that would benefit the most from increased visitors. Most of our members benefit from residents within the community, not visitors.

Small employers are disproportionately impacted by taxes as they don't have the same capital or resources to absorb these cost increases. I urge the committee to consider the impact special taxing districts have on the small businesses that would not benefit from the TIDs but are still required to fund it by raising prices on their customers.